

## Message Text

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PAGE 01 LISBON 05561 161753Z

71

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 SAM-01 /056 W

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R 161659Z AUG 76

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 8221

C O N F I D E N T I A L LISBON 5561

E.O. 11652: GDS

TAGS: EFIN, PO

SUBJECT: PORTUGUESE FINANCIAL TRANSACTIONS

REF: STATE 183082

BEGIN LIMITED OFFICIAL USE.

1. PARA 2, REFTEL: LATEST INFORMATION INDICATES GOP WILL NOT BEGIN SELLING GOLD IN AUGUST. BASIC REASONS AS FOLLOWS:

(A) RESULTS OF DECEMBER 1975 SALE OF FOUR TONS WERE DISAPPOINTING BECAUSE OF RELATIVELY LOW PRICE;

(B) CURRENT PRICE OF GOLD TOO LOW AND GOP RECOGNIZES POSSIBILITY THAT LARGE SALES WILL REDUCE PRICE EVEN FURTHER.

2. BELOW IS LIST OF LOANS FROM JANUARY 1975 TO AUGUST 10, 1976 TO GOP AND BANK OF PORTUGAL (LIST PROVIDED BY CENTRAL BANK). LOANS NUMBER 12-15 ARE GOLD-SECURED. QUERY TO BANK OF PORTUGAL ABOUT \$30 MILLION LOAN MENTIONED REFTEL ELICITED NO DIRECT RESPONSE. BANK INITIMATED THAT ITS LISTING IN PRESS RELEASE WAS MISTAKE.

### INDIRECT PUBLIC FOREIGN DEBT

- |                             |                    |
|-----------------------------|--------------------|
| 1. EUROPEAN INVESTMENT BANK | 150 MILLION E.U.A. |
| 2. EEC FINANCIAL PROTOCOL   | 200 MILLION E.U.A. |
| 3. EFTA INDUSTRIAL FUND     | 100 MILLION US\$   |

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PAGE 02 LISBON 05561 161753Z

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|---------------|-----------------|
| 4. WORLD BANK | 36 MILLION US\$ |
|---------------|-----------------|

5. USA (HOUSING PROJECTS) 33.25 MILLION US\$  
6. USA (TECHNICAL ASSISTANCE) 1 MILLION US\$  
7. USA (OVERSEAS REFUGEES) 35 MILLION US\$  
8. USA (PUBLIC LAW 480) 20 MILLION US\$  
9. WEST GERMAN FEDERAL REPUBLIC 70 MILLION D.M.  
LOANS TO BANK OF PORTUGAL  
10. I.M.F. - OIL FACILITY 114.76 MILLION DSE  
11. IMMMF. - COMPENSATORY FINANCING 58.5 MILLION DSE  
12. BIS (SIGNED MAY 75 (\$250)  
AND FEB 1976 (\$250)) 500 MILLION US\$  
13. SWISS NATIONAL BANK (SIGNED  
DEC 1975) 50 MILLION US\$  
14. WEST GERMAN CENTRAL BANK  
(SIGNED DEC 1975) 250 MILLION US\$  
15. EUROPEAN CENTRAL BANKS (SIGNED  
JUNE 1976) 250 MILLION US\$  
END LIMITED OFFICIAL USE. START CONFIDENTIAL.

3. BANK OF PORTUGAL BELIEVES THAT ANY RELEASE OF  
DETAILS - INTEREST RATES, MATURITIES, COVERAGES, ETC.  
- ON GOLD-SECURED LOANS WOULD VIOLATE CONFIDENCES  
UNDERTAKEN WITH CREDITORS. HOWEVER, EMBASSY HAS  
LEARNED FROM OTHER, KNOWLEDGEABLE SOURCES IN GOP THE  
FOLLOWING TERMS AND CONDITIONS:  
(A) INTEREST RATES ON LOANS ARE US TREASURY BILL RATE  
APPLICABLE AT TIME SIGNING OF LOAN.  
(B) LOANS 12, 13, AND 15 HAVE ONE-YEAR MATURITY.  
NUMBER 14 SIGNED FOR TWO YEARS.  
(C) BASE PRICE USED TO VALUE GOLD ON ALL LOANS WAS  
\$110 PER OUNCE AND MARGIN UTILIZED IS 80 PERCENT.

4. EMBASSY UNDERSTANDS THAT CREDITORS APPRECIATE  
FACT THAT GOP WILL BE UNABLE REPAY LOANS ON DUE DATES.  
GOP HAS ALREADY SIGNALLED CREDITORS THAT IT REGARDS  
LOANS AS DELAYED SALES CONTRACTS FOR GOLD. IT WILL BE  
UP TO CREDITORS TO FORECLOSE AND TAKE OR ROLL OVER  
LOANS.  
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## Message Attributes

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